NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (12/13):
BUTTER: Grade AA closed at $1.1125. The weekly average for Grade AA is $1.1108 (+.0008).
CHEESE: Barrels closed at $1.1000 and blocks at $1.1300. The weekly average for barrels is $1.1000 (-.0075) and blocks, $1.1135 (-.0265).
NONFAT DRY MILK: Extra Grade closed at $0.9150 and Grade A at $0.9300. The weekly average for Extra Grade is $0.9150 (N.C.) and Grade A, $0.9300 (N.C.).

BUTTER: Churning activity across the country is steady to heavier as surplus cream supplies increase. In some instances, butter operations are selling their cream to Class II operations and reducing production schedules at this time, knowing that during the upcoming holiday period, cream supplies are usually readily available at competitive prices. Stocks of butter are fully sufficient to meet current needs. Overall buying interest has slowed now that the majority of holiday orders have been placed and shipped. Producers and handlers anticipate fill-in orders to occur during the next few weeks.

CHEESE: The cheese market is mixed. As indicated during this week's trading at the CME, barrels are fully steady, but blocks are weak to steady. Current cheese supplies are tight to adequate. Demand for cheese is starting to ease now that most holiday orders have been shipped. Surplus milk volumes were lighter in the East, steady to slightly heavier elsewhere. Cheese output is about steady to slower. However, most producers are preparing for the expected jump in milk supplies during the upcoming holiday period. This week, CCC purchased 180,324 pounds of blocks from the West and 158,400 pounds of process from the Midwest.

FLUID MILK: Weather conditions across the country continue to play a big role in milk production and sales. In the Mid Atlantic and Northeast, milk output is reported to be holding steady at seasonal low levels. At midweek, an ice storm moved through the Middle Atlantic area, which caused widespread transportation problems. The effects of last week's big snow storm are still being felt in North Carolina where more than 500,000 customers were still without electricity a week after the storm. Heavy rains in Florida are taking its toll on the milk flow. In the Central part of the country, milk production appears to be stronger as milk receipts at many facilities indicate slightly heavier volumes. Favorable temperatures and mild weather conditions for this time of the year are being attributed to the strength. In the Western part of the U.S., the milk flow in Arizona is slowly moving higher, while in California, milk output is steady to slightly lower in northern areas. Milk output in the Northwest is holding steady. Most milk handlers across the country anticipate regular processing schedules next week, but by midweek, will be winding down school bottling schedules and preparing for the yearend holidays. Surplus milk volumes are expected over the Christmas/New Year holiday period but, for the most part, contacts are not anticipating serious milk logistic problems.

DRY PRODUCTS: Dry dairy product markets are positioning themselves for the yearend. Often buyers are hesitant to purchase additional supplies beyond short term or immediate needs. In light of slower sales, stocks of unsold product are starting to increase at some locations. Also, some buyers are postponing deliveries until the New Year. NDM markets are steady to weak. Some price ranges have widened greatly in light of recent offerings to the CCC at $0.80 per pound. Outside of the Western part of the country, NDM stocks are limited. Dry buttermilk markets are generally steady. Stocks of buttermilk powder are in close balance with additional offerings anticipated as churning activity over the upcoming yearend holidays increase. Whey markets are steady to generally weak. Production is steadily increasing with higher output anticipated over the holidays. In many instances, buyer interest is lackluster as users work off inventories before getting back into the market. Whey protein markets are generally steady with prices unchanged to higher. Production is unchanged to higher as heavier milk volumes filter into some cheese plants. Edible interest is generally steady and trading at a slight premium to the market.

CCC: During the period of December 9 - 13, CCC purchased 7,186,560 pounds of NDM, 6,944,834 pounds from the West and 241,726 pounds from the Midwest. CCC also purchased 180,324 pounds of Western 40# blocks and 158,400 pounds of Midwestern process cheese.

SEPTEMBER MAILBOX MILK PRICES (AMS, CDFA): In September 2002, mailbox milk prices for selected reporting areas in Federal milk orders averaged $11.40, $0.22 more than the figure for the previous month. On an individual reporting area basis, mailbox prices increased in 13 reporting areas and decreased in 4, and ranged from $15.36 in Florida to $10.16 in Utah. In September 2001, the Federal milk order all-area average mailbox price was $16.82, $5.42 higher.

OCTOBER FLUID MILK SALES (AMS & CDFA): During October, about 4.8 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 0.1% lower than October 2001. After adjusting for calendar composition, sales in October 2002 were 0.6% higher than October 2001. On an individual product basis, after adjusting for calendar composition, sales of reduced fat (2%) milk and low fat (1%) milk would have likely increased from October 2001, while sales of whole milk, fat-free (skim) milk, and buttermilk would have likely decreased from a year earlier.

DECEMBER MILK SUPPLY AND DEMAND ESTIMATES (USDA, WAOB): Milk production forecasts for 2002/2003 are lowered from last month. Weaker milk prices are expected to lessen incentives to raise output per cow. Prices are expected to be weaker than forecast last month as a result of the November 15 USDA announcement that adjusted purchase prices for butter and nonfat dry milk, and continued sluggish product use. Although higher purchase prices are expected to support butter prices, the reduction in nonfat dry milk prices will lead to lower Class IV prices. Cheese prices also are projected weaker during 2002/03 as more milk moves into cheese production. CCC removals of cheese and butter are forecast higher than last month and nonfat dry milk removals are forecast lower. The 2002/03 all milk price is expected to average $11.30-$11.90.

GOVERNMENT OWNED NDM AVAILABLE FOR SALE (USDA, CCC): The Commodity Credit Corporation (CCC) will again make available U.S. Extra Grade, spray process, nonfat dry milk (NDM) in 25-kg bags acquired under the Milk Price Support Program (MPSP) for unrestricted sale to the industry. On the date of sale, CCC will set the sell-back price at the higher of the: current MPSP purchase price for NDM or the average of the previous week's Dairy Market News quotes (Low/Medium Heat: Mostly) for the regional location where stored. For additional details, contact this web site: http://www.fsa.usda.gov/daco/notices.htm or by contacting the Dairy Procurement and Inventory Branch at (816)926-6050. Editor's note: this program was in place prior to the tilt announcement and suspended, until now, November 18.

****SPECIAL THIS ISSUE****

CHICAGO MERCANTILE EXCHANGE
CASH TRADING

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY DECEMBER 9	TUESDAY DECEMBER 10	WEDNESDAY DECEMBER 11	THURSDAY DECEMBER 12	FRIDAY DECEMBER 13	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	$1.1000 (N.C.)	$1.1000 (N.C.)	$1.1000 (N.C.)	$1.1000 (N.C.)	$1.1000 (N.C.)	(N.C.)	$1.1000 (-.0075)
40# BLOCKS	$1.1225 (-.0175)	$1.1050 (-.0175)	$1.1000 (-.0050)	$1.1100 (+.0100)	$1.1300 (+.0200)	(-.0100)	$1.1135 (-.0265)
BUTTER							
GRADE AA	$1.1100 (N.C.)	——	$1.1100 (N.C.)	——	$1.1125 (+.0025)	(+.0025)	$1.1108 (+.0008)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM **(NOTE: The NDM daily/weekly prices are reported here when changes occur. The Extra Grade price is $.9150 and Grade A price is $.9300. NDM information remains available at the above internet address.) NOTE: No cash trading December 24, 25 & 31 and January 1.**

CHICAGO MERCANTILE EXCHANGE

MONDAY, DECEMBER 9, 2002

CHEESE — SALES: 3 CARS 40# BLOCKS: 1 @ $1.1100, 1 @ $1.1200, 1 @ $1.1225; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ $1.1400

BUTTER — SALES: 3 CARS GRADE AA @ $1.1025; BIDS UNFILLED: 11 CARS GRADE AA: 1 @ $1.1100, 1 @ $1.1050, 1 @ $1.1025, 3 @ $1.1000, 2 @ $1.0950, 1 @ $1.0900, 1 @ $1.0800, 1 @ $1.0700; OFFERS UNCOVERED: 1 CAR GRADE AA @ $1.1400

TUESDAY, DECEMBER 10, 2002

CHEESE — SALES: 1 CAR 40# BLOCKS @ $1.1175; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ $1.1000; 2 CARS 40# BLOCKS: 1 @ $1.1050, 1 @ $1.1400

WEDNESDAY, DECEMBER 11, 2002

CHEESE — SALES: 2 CARS 40# BLOCKS: 1 @ $1.0900, 1 @ $1.1000; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ $1.1300

BUTTER — SALES: NONE; BIDS UNFILLED: 10 CARS GRADE AA: 1 @ $1.1075, 2 @ $1.1050, 1 @ $1.1025, 3 @ $1.1000, 1 @ $1.0975, 1 @ $1.0900, 1 @ $1.0800; OFFERS UNCOVERED: NONE

THURSDAY, DECEMBER 12, 2002

CHEESE — SALES: NONE; BIDS UNFILLED: 1 CAR 40# BLOCKS @ $1.1100; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ $1.1300

FRIDAY, DECEMBER 13, 2002

CHEESE — SALES: NONE; BIDS UNFILLED: 1 CAR 40# BLOCKS @ $1.1300; OFFERS UNCOVERED: NONE

BUTTER — SALES: 2 CARS GRADE AA: 1 @ $1.1075, 1 @ $1.1125; BIDS UNFILLED: 14 CARS GRADE AA: 1 @ $1.1125, 1 @ $1.1100, 1 @ $1.1050, 3 @ $1.1025, 3 @ $1.1000, 2 @ $1.0975, 3 @ $1.0950; OFFERS UNCOVERED: 2 CARS GRADE AA: 1 @ $1.1175, 1 @ $1.1200

BUTTER MARKETS

NORTHEAST

The market tone is mostly steady and the price at the CME (through 12/9) has held at $1.11 for four consecutive sessions. Butter production in the East is steady to slightly heavier. However, Class II and III cream usage in seasonal items is picking up. Packagers are less busy as most holiday orders have been shipped, but some are working at putting up post-holiday inventories. Sales of bulk are steady at best while retail sales are just fair. Some features are starting to show up at retail, which could keep butter clearing quite well. Food service orders are fairly good as restaurant orders are now at "shopping season" levels. Sales of bulk butter, f.o.b. East, are reported in a range of flat market to 4 cents over the CME price/average.

CENTRAL

The market tone is steady with the cash price at the CME, through midweek, holding at $1.1100 for 5 consecutive trading sessions. Recent trading activity indicated that sales and bidding were occurring below the market. Producers and handlers indicate that they anticipate the cash price to weaken soon, now that most Christmas/New Years orders have been placed and shipped. Orders this week were reported as fair at best, with most being classified as fill-in orders. Retail feature activity over the Thanksgiving holiday cleared good volumes of print butter and scheduled features before the New Year are expected to be much the same. Churning activity is starting to increase as additional cream volumes are being offered to Midwestern butter operations from outside sources. Stocks of bulk and print butter are readily available for current and projected needs. Bulk butter for spot sales is selling in a range of flat to 2 cents per pound over various pricing basis.

WEST

Butter prices have varied less than one cent during the last eight trading sessions at the CME cash butter market centering around $1.11. Most reports indicate that Thanksgiving sales activity was excellent and very good orders are noted for the end of the year holidays. Retail feature activity has succeeded in moving large quantities of butter. Churning schedules are declining seasonally as less cream is available and demand for fat from other holiday related products increases. U.S. butter production in October totaled 102.1 million pounds, down 7.1% from October 2001. Cumulative output for the first ten months of the year has reached 1.13 billion pounds, up 11.2% from the same period last year and an increase of 114.0 million pounds (an average increase of 2.6 million pounds per week for the year so far). Western region output for the month of October was down 4.7% from a year earlier. Weekly stocks at CME approved warehouses declined by 1.51 million pounds. Current prices for bulk butter range from 4 cents under to flat market based on the CME with various time frames and averages.

NASS DAIRY PRODUCT PRICES

U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	NDM	BUTTER	DRY WHEY
DEC 7	1.0974 6,347,859	1.0977 12,796,450	0.9026 16,555,487	1.0717 3,566,001	0.2096 11,134,067

Further data and revisions may be found on the internet at: http://jan.mannlib.cornell.edu/reports/nassr/price/dairy

CHEESE MARKETS

NORTHEAST

Prices are generally higher on natural and process items, unchanged on Swiss. The market tone is mixed. New orders are just so-so, but producers and distributors are busy shipping product under existing orders. Demand for holiday gift pack items is fairly good, but most orders have been shipped by producers. Distributors are busy getting all the holiday orders out to retail outlets or restaurants. Mozzarella sales continue to lag expectations in some areas while fairly good in others. Cheese output is about steady. Surplus milk supplies are lighter than predicted, but cheese makers are already being called by milk suppliers who wish to place holiday surplus milk in their plants. Retail feature are starting, but high prices continue to hamper sales. Food service orders are quite brisk.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.2025-1.6975
Cheddar Single Daisies	:	1.1600-1.6200
Cheddar 40# Block	:	1.2800-1.5100
Process 5# Loaf	:	1.3175-1.5175
Process 5# Sliced	:	1.3375-1.5850
Muenster	:	1.3650-1.5700
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

Prices are generally higher based on last week's average CME cheese prices, but so far this week (through 12/11), the price of 40# blocks has declined. The market tone is unsettled. Buyers seem wary of accumulating stocks and carrying too much into the new year. Some spot activity is continuing as the yearend holiday pipeline fills while some packagers are already seeing a slowdown in orders. Shipments of consumer goods are still underway to some accounts. Process interest is generally moderate at best. Surplus or manufacturing milk supplies within the region remain tight. Some plant operators are receiving calls and making preparations to process holiday milk.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.3275-1.5200
Brick And/Or Muenster 5#	:	1.5900-1.7000
Cheddar 40# Block	:	1.5100-2.1150
Monterey Jack 10#	:	1.7650-2.1150
Blue 5#	:	1.8925-2.2700
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.4450-2.2150
Grade A Swiss Cuts 6 - 9#	:	1.9000-2.6850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%), carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	DECEMBER 9 - 13, 2002
BARRELS*	:	$1.1125 - 1.1225 (NOMINAL)
	:	($.0100) (.0100)
40# BLOCKS	:	$1.1650 - 1.1900 (NOMINAL)
	:	($.0175) (.0175)

( ) Change from previous week. * If steel, barrel returned.

Dairy Market News is proposing discontinuing the Midwest Commodity Cheese report in January. This proposal is due to the limited real spot reports available within the region and the price fluctuation limitations caused by the large growth in Western cheddar production. For comments in opposition to the ending of this report contact: George Koerner at 608.224.5083 or email George.Koerner@USDA.gov

WEST

Prices have increased, on average, for the last three weeks at the CME cash cheese market, but are having trouble getting past the support price level. Orders seem to be coming in at a steady pace for the year end holidays. Buyers do not see any urgency in ordering much cheese ahead for price reasons. They believe good quantities of cheese will remain available at reasonable prices. Sales of aged cheese are being called disappointing by some in the industry. October total cheese production for the U.S. reached 714.0 million pounds, an increase of 4.7% from last year. Cumulative output for the first ten months of the year totals 6.99 billion pounds, up 3.8% from a year earlier or an increase of 257.7 million pounds (an average weekly increase of 5.9 million pounds for every week of the year so far). Output in the Western region for October was up 7.1%. Swiss output in October was 22.7 million pounds, up 7.1% from a year earlier.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.2575-1.5175
Cheddar 40# Block	:	1.2675-1.4075
Cheddar 10# Cuts	:	1.4475-1.6675
Monterey Jack 10#	:	1.4575-1.6175
Grade A Swiss Cuts 6 - 9#	:	2.2600-2.4100

FOREIGN

Prices are steady to higher and the market tone is seasonally firm. Retail sales are following typical patterns for the holiday period when imported or foreign-type table cheeses enjoy their best demand. Stocks of most types and styles are adequate to meet needs. However, like the domestic market, high retail prices are often a deterrent to consumption. Reports indicate that demand for cheese in the EU is improving. Stocks are not as heavy and cheese output is slowing in several countries. This is likely due to the fact that more milk was moved into butter/powder production this year.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

	NEW YORK	
VARIETY	IMPORTED	DOMESTIC
Roquefort	TFEWR	-0-
Blue	2.6400-3.3900	1.4975-2.9875*
Gorgonzola	3.2400-5.9400	2.0150-2.4900*
Parmesan (Italy)	TFEWR	2.9075-2.9975*
Romano (Italy)	2.1000-3.1900	-0-
Provolone (Italy)	3.4400-5.5000	1.5050-1.7325*
Romano (Cows Milk)	-0-	2.6950-4.8650*
Sardo Romano (Argentine)	2.8500-3.2900	-0-
Reggianito (Argentine)	2.6900-3.2900	-0-
Jarlsberg-(Brand)	2.7500-3.6900	-0-
Swiss Cuts Switzerland	-0-	2.3500-2.5500
Swiss Cuts Finnish	2.6000-2.8500	-0-
Swiss Cuts Austrian	TFEWR	-0-
Edam		
2 Pound	TFEWR	-0-
4 Pound	2.1900-2.9900	-0-
Gouda, Large	TFEWR	-0-
Gouda, Baby ($/Dozen)		
10 Ounce	27.8000-31.7000	-0-

* = Price change.

WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	CHEESE
12/09/02	45,763	129,467
12/01/02	47,383	130,462
CHANGE	-1,620	-995
% CHANGE	-3	-1

FLUID MILK AND CREAM

EAST

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	30	0	26	0	110	0
SOUTHEAST STATES	0	0	0	0	0	0

The weather continues to play a big role in milk production and sales. The effects of last week's big snow storm are still being felt in North Carolina where more than 500,000 customers were still without electricity a week after the storm. This did impact milk sales and deliveries into those areas. This week, an ice storm moved through the Middle Atlantic area, which caused widespread traffic problems. Heavy rains in Florida are taking their toll on the milk flow. The recent gains in Florida's milk output were slowed by all the rain they have had. Milk needs in Florida are about steady and suppliers did have to import some milk to supplement local supplies. The milk flow in the rest of the Southeast is still increasing, but at a slower pace than it has been. Milk production in the Northeast and Middle Atlantic areas is about steady. Fluid milk supplies are light in most sections of the East. This week's ice storm forecasts triggered another round of retail panic buying. This left some bottlers struggling to meet all the "add ons" and a few plants ran out of milk for the second week in a row. Outside of the storm area, bottled milk sales are reported as fair to good. Surplus milk volumes are holding at tight levels. Manufacturing plant intakes are light, but most contacts feel that milk receipts will be increasing about this time next week. Some cheese operations are still taking normal volumes while others are trying to ease back on production. The condensed skim market is mostly steady with prices unchanged on Class II; lower on Class III. Some operations continue to clear all their solids as condensed rather than operate their dryers. The fluid cream market is not as firm as it has been. Offerings are heavier and more excess cream is looking for a home. Spot prices are steady to slightly higher as multiples are steady but the CME butter price did increase fractionally. Demand from ice cream producers is fairly good as many try to step up output to make up for their anticipated down time during the holidays. Bottled cream producers are running full out and extra loads were needs to fill demand. Eggnog production is in full swing. Cream cheese output is about steady. Churning is also steady to heavier, but some producers are limiting cream intakes and/or paying quite low multiples. More excess cream is moving to Midwestern butter makers.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, $ PER LB BUTTERFAT

F.O.B. Producing Plants: Northeast	-	1.4208-1.5318
Delivered Equivalent Atlanta	-	1.4319-1.5318 M 1.4430-1.4874
F.O.B. Producing Plants: Upper Midwest	-	1.3764-1.5096

CORRECTION: For Report 48, the Northeast and delvd Atlanta cream prices were incorrect. They should have been: Northeast - 1.3553-1.4745 and Atlanta - 1.3553-1.4745 M 1.3661-1.3878. We are sorry for any inconvenience this may have caused.

PRICES OF CONDENSED SKIM, $ PER LB WET SOLIDS
F.O.B. PRODUCING PLANTS:

Northeast- Class II - includes monthly formula prices	-	.9850-1.0300
Northeast- Class III - spot prices	-	.8050- .8900

MIDWEST

Milk production appears to be stronger in the Central part of the country as milk receipts at many facilities indicate slightly heavier volumes. Milk handlers are not surprised at the slight uptick due to quite favorable temperatures and mild weather conditions for this time of the season. Milk volumes are readily available for both bottling and manufacturing needs. Bottlers indicate that schedules will remain the same for most of next week, but by midweek, conditions will be on the eve of change. Most schools are scheduled to recess by the end of next week for the year end holidays. School bottling needs will cease and retail bottling will be heavier. Manufacturing milk demand is light. Most cheese operations are not looking for any additional volumes. Pricing of additional milk at this time could be a limiting factor, especially with the year end holidays approaching and typically, surplus milk is looking for a home at distressed prices. Condensed skim demand remain active for Class II accounts with prices ranging from $.94 – 1.02. Cream markets are mixed. Demand for cream for Class II needs remains active this week. Cream buyers and sellers anticipate this improved Class II demand will not last too much longer as the year end holiday near. Currently, some butter operations are selling their cream into these channels and will potentially take advantage of lower priced offerings during the holiday period.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	DEC 05 - 11	PREVIOUS YEAR
SLAUGHTER COWS	$ 32.50- 39.50	$ 35.00- 41.00
REPLACEMENT HEIFER CALVES	$250.00-350.00	$380.00-550.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	DEC 05 - 11	PREVIOUS YEAR
SLAUGHTER COWS	$ 35.00- 41.00	$ 36.50- 42.50

WEST

The January 2003 Class 1 prices in CALIFORNIA range from $12.65 in the north to $12.93 in the south. The statewide average Class 1 price based on production is $12.71. The average is $0.33 higher than December 2002 but $0.85 lower than January 2002. Milk production in CALIFORNIA is mostly steady to slightly higher. In the southern areas, milk is coming up marginally. Plants are able to handle all milk efficiently. The call for fluid milk is still good going to school accounts and bottlers are preparing to switch out of school mode to more retail over the holidays. In the Central Valley, milk is trending only a little higher. Conditions have been favorable for milk cows. Plants are running normal schedules to process milk. In the north, seasonal conditions continue to suppress milk production at the low end of the yearly trend. Processors have capacity for current supplies. Milk output in ARIZONA is slowly moving higher on a weekly basis. Weather conditions are seasonally cooler and wetter, but not impacting the milking herds. The Western CREAM market was firming at the beginning of the week as supplies were tighter. Processors of cream based holiday items were calling for more cream and offerings were tighter. As the week progressed, loads were more available but multiples and overages were slow to move lower. Churns are still active, although levels vary depending on surplus cream available. The CME butter price is holding at $1.11 for over a week. Cream multiples are higher on the low end and trade from 116 to 128, FOB. Milk production in the PACIFIC NORTHWEST is holding mostly steady. Processing capacity is adequate to handle current milk supplies. Weather conditions have been mild with some precipitation noted. There are local concerns about herd health issues with some herds. Hay prices are holding steady with poor quality limiting asking prices. The replacement cow and heifer markets are firming slightly higher in spite of low milk prices and cash flow issues. A monthly dairy replacement auction noted stock as trading steady to mostly firm. In the MOUNTAIN STATES, the milk flow is steady to moving higher. Current conditions are cool, but drier. Plants are running as expected and planning ahead for the holidays.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices are unchanged to lower on a steady to weak market. Sales to the CCC are noted in the Central region, widening the range substantially. Buying interest is beginning to wane, especially in light of the increasing price spread between Central/East prices and the West. Buyers are working inventories to the bare minimum before the year end and typically purchasing additional supplies from the West as needed. Production is steadily increasing with some offers noted below the average. Demand is best for high heat and instantized product. Movement of condensed skim is increasing. Some producers reduced their condensed skim prices at the beginning of the week in order to clear stocks before any price changes in the NDM market were revealed. Standard grade product is being offered at prices below the range for the light interest.

EAST: Prices and the market tone are mostly steady. Eastern prices remain nominal as few spot sales have been reported. Producers and traders have all commented on the lower prices now being quoted by some Western producers. However, Eastern producers are not yet changing their prices as output is light and plant inventories are limited. This week, NDM from a Central producer was offered to CCC. Drying activity was light this week, but expected to increase as we near the holidays.

NOTICE: On Tuesday, December 10, CCC announced that they are again making available, for unrestricted use, CCC-owned NDM for sale to the industry. Pricing will be the same as the last sellback program, which was terminated when the tilt occurred. Complete information can be found at: http://www.fsa.usda.gov/daco/notices.htm

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT:	.8000 - .9850	MOSTLY:	.9550 - .9675
HIGH HEAT:	.9725 - 1.0400		

NONFAT DRY MILK - WEST

Low/medium heat NDM prices continue to trend lower on the bottom end of the mostly range. The market tone is weakening, reflecting the offering of NDM to the support program. Buyers are making purchases for fill-in needs for the most part. The expectation of trends is for prices to move towards the support price of 80 cents, but current pricing levels are often above that due to contracted prices, program prices and various averages being used. There are substantial sales and transaction moving to the support program. During the period of November 27 to December 6, CCC net purchases totaled 21,214,617 pounds of Western NDM. Western high heat prices are lower and partly reflective of the low/medium heat price series. Sales have slowed both seasonally and as a reflection of buyers' expectation of prices moving lower to reflect the decline in low heat prices. Buying interest is limited. Stocks are available on a limited basis, but producers are often only making to order or contract. On December 10th, the CCC announced that sellback of NDM to the trade would be continued, making powder available from CCC stocks at the higher of the support price or the average of the low/medium heat NDM mostly range reported by Dairy Market News.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT:	.7950 - .9500	MOSTLY:	.8000 - .9200
HIGH HEAT:	.8900 - .9700		

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
December 6	$.8942	10,931,025	4,415,902
November 29	$.9102	6,952,952	2,311,647

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

DRY BUTTERMILK - CENTRAL

Prices are unchanged on a cautiously steady market. Production of dry buttermilk continues to steadily increase. Some producer stocks are building as buyer interest is lackluster. As buyers aim to deplete inventories at the year end, some forward contracting for January is reported at the higher end of the range. However, with decreasing NDM prices, buttermilk prices are expected to coordinately weaken in the new year. Dry buttermilk demand is best in the South for ice cream and blends. Condensed buttermilk is steady for the contractual interest.

F.O.B. CENTRAL:	.8000 - .8500

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices and the market tone are generally steady. Eastern prices remain nominal. More cream is being offered to butter makers and, through the holidays, most churns will be operating on much heavier schedules. Currently, a good portion of the buttermilk clears as a liquid. Drying is light to moderate and producer stocks are fairly well balanced. Spot demand is steady.

F.O.B. NORTHEAST:	.7800 - .8350
DELVD SOUTHEAST:	.8100 - .8550

DRY BUTTERMILK - WEST

Western dry buttermilk prices are unchanged in light spot trading. The market undertone continues the steady trend of recent weeks. Current production levels are steady to occasionally lighter and the offerings of current product on the spot market is limited. However, older stocks are being offered at discounted prices. Demand is light to fair for the current offerings. Ice cream interest is especially slow. Producers' stock levels vary, but are available.

F.O.B. WEST:	.7500 - .7900	MOSTLY:	.7700 - .7800

DRY WHOLE MILK - NATIONAL

Prices are steady to lower within the range and the market tone is unchanged. Prices remain nominal. Production levels are mixed and range from light to fairly heavy at some plants in the West. Producer stocks range from light to adequate. Spot demand is limited.

F.O.B. PRODUCING PLANT:	1.1000 - 1.1800

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 2001 THROUGH DECEMBER 6, 2002
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	–	42,626	MT (93,973,279 LBS)*
CHEESE	–	1,894	MT (4,175,512 LBS)*

* The second stage of the DEIP allocations is filled.

Allocations for the DEIP year beginning July 1, as announced September 13: Nonfat dry milk -- 68,201 MT; Cheese -- 3,030 MT; Butterfat -- 21,097 MT. However, the second stage of this year's program was announced on November 15 and makes available, as part of the total allocation, an additional 25,576 MT of NDM, 7,912 MT of butterfat, and 1,137 MT of cheese.

WHEY, CASEIN & EVAPORATED MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Prices are lower on a weak market. Buyers are delaying pick up of their orders and deferring additional purchases until the new year. As a result, inventories are building at some plant locations. Production is steadily increasing with higher output anticipated over the holidays. Coastal regions are more price competitive with Central region product, decreasing Central region sales potential. Contracts for 2003 are slow in progressing as buyers continue to await further price discovery before settling to a contract. Resale product is clearing at prices slightly above the low end of the range for the light to fair interest.

F.O.B. CENTRAL: .1775 - .1925 MOSTLY: .1800 - .1875

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are often lower and Eastern prices remain nominal. The market tone is weak. Buyers report that more loads are being offered by produces and traders. Overall market activity is reported as light or quiet and is fairly typical for this time of year. Demand is lackluster as users work off inventories before getting back into the market. Yearend supplies are also an issue for some. Producers report that they have more spot loads to offer, but contracts are clearing a good portion of their current output. Conversely, some traders report that the slow demand is not keeping pace with their contract deliveries and they have to store some product. Production levels eased slightly as surplus milk volumes were lighter this week

NOTICE: The number of producers of Grade A whey in the East has fallen below the Dairy Market News requirements to report a price range. Therefore, beginning with report Number 1 for 2003, the Extra Grade and Grade A dry whey prices will be combined into one series.

F.O.B. NORTHEAST:	EXTRA GRADE	.1975 - .2025
	USPH GRADE A	.2000 - .2175
DELVD SOUTHEAST:		.2100 - .2275

DRY WHEY - WEST

Western whey prices are holding mostly steady, reflecting that most producers' offering and sales prices are not changing. There have been some expectations among buyers that Western prices would follow Central prices lower, but that has not materialized. Limited sales in the region have been filled with Central whey. Export sales continue to commit current supplies and prior export sales are moving. Contacts were expecting the results of another tender this week. The effects of the dock strike still linger in product movement and catch-up, but powder is clearing to past accounts. Stock levels vary in the region, but generally are committed.

NONHYGROSCOPIC: .1900 - .2350 MOSTLY: .2125 - .2275

ANIMAL FEED WHEY – CENTRAL

Prices are lower on milk replacer and roller ground and unchanged on delactose. Supplies of milk replacer product are limited yet interest is generally light. Resale product offered at prices within the range is sometimes difficult to clear. Roller ground prices adjusted lower with the Extra Grade market. Supplies are generally in balance with demand as most product is clearing steadily into contracts. The delactose market is unchanged with some improved interest in light of higher WPC prices. Early weaned pigs are trading higher while the North Central veal market is trending weak.

NOTE: The delactose report will be discontinued as of report 1 2003.

F.O.B. CENTRAL:	
MILK REPLACER:	.1550 - .1700
ROLLER GROUND:	.1825 - .2150
DELACTOSE (Min. 20% protein):	.3225 - .3500

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged to higher on a mostly steady market. Like most dairy products, buyers are deferring additional purchases until next year in an attempt to defray the costs involved in holding heavy stocks. Spot trades reported are generally occurring at the average. Production is unchanged to higher as heavier milk volumes filter into some cheese plants. WPC 80% remains available at competitive prices for the fair feed interest. Some contracts of domestic and foreign WPC 80% are being negotiated for 2003, displacing WPC 34% movement into some feed facilities. As the amount of WPC 80% produced increases, supplies of WPC 34% are anticipated to decrease in 2003. Contracts for WPC 34% in 2003 continue to be negotiated. Edible interest is generally steady and trading at a slight premium to the market. Offers are noted at a discount at some plants. Off grade product is readily available at prices that vary with the quality.

F.O.B. EXTRA GRADE 34% PROTEIN: .5100 - .5425 MOSTLY: .5100 - .5150

LACTOSE - CENTRAL AND WEST

Prices are unchanged on a steady market. Prices are anticipated unchanged to higher in the first quarter. Lower cheese production in Oceania is expected to encourage greater lactose demand in the new year. However, the increased sales activity at the year end may deter spot interest during the first quarter. The possibility of shipment surcharges and lower whey prices may also hinder price increases. Most spot trading is occurring at the average. Production is mostly steady and inventories are generally in balance to somewhat long at locations. Interest is best in the Asian market, especially as some contracts continue to be negotiated. Some inquiries are noted from candy and confectionary companies. Higher mesh sizes are clearing better than lower mesh product. Feed grade supplies are light for the limited interest.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.
F.O.B. EDIBLE: .1500 - .2275 MOSTLY: .1550 - .1750

CASEIN – NATIONAL

Casein markets remain steady pricewise, although a firmer undertone prevails as the New Year approaches. Supplies of acid are in the tightest position with rennet stocks more available. Producers in the Oceania region continue to closely monitor their production schedules in relationship to their commitments. In instances, some Oceania suppliers are looking elsewhere for additional supplies to fill their needs. A sixth round of offers has been announced by USDA for the sale of an undetermined quantity of government owned skim milk powder for the production of casein/caseinates. Offers to purchase are due by December 20 with notification to successful bidders by December 23. The most recent sale of 300,000 pounds was priced at $0.22 per pound.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET:	1.8500 - 2.1000
ACID:	1.6500 - 1.9500

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production levels are mostly steady. However, producers are getting calls from milk handlers about capacity during the holidays. Historically, this is time when surplus milk supplies are heavy and prices are often discounted. Evaporated milk producers see this as a time to start replenishing depleted inventories. Demand is good at retail. Most producers are done shipping holiday needs. Some last minute loads continue to go out, but their hectic shipping schedules which started prior to Thanksgiving is slowing.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES $18.00 - 30.00

Excluding promotional and other sales allowances. Included new price announcements.

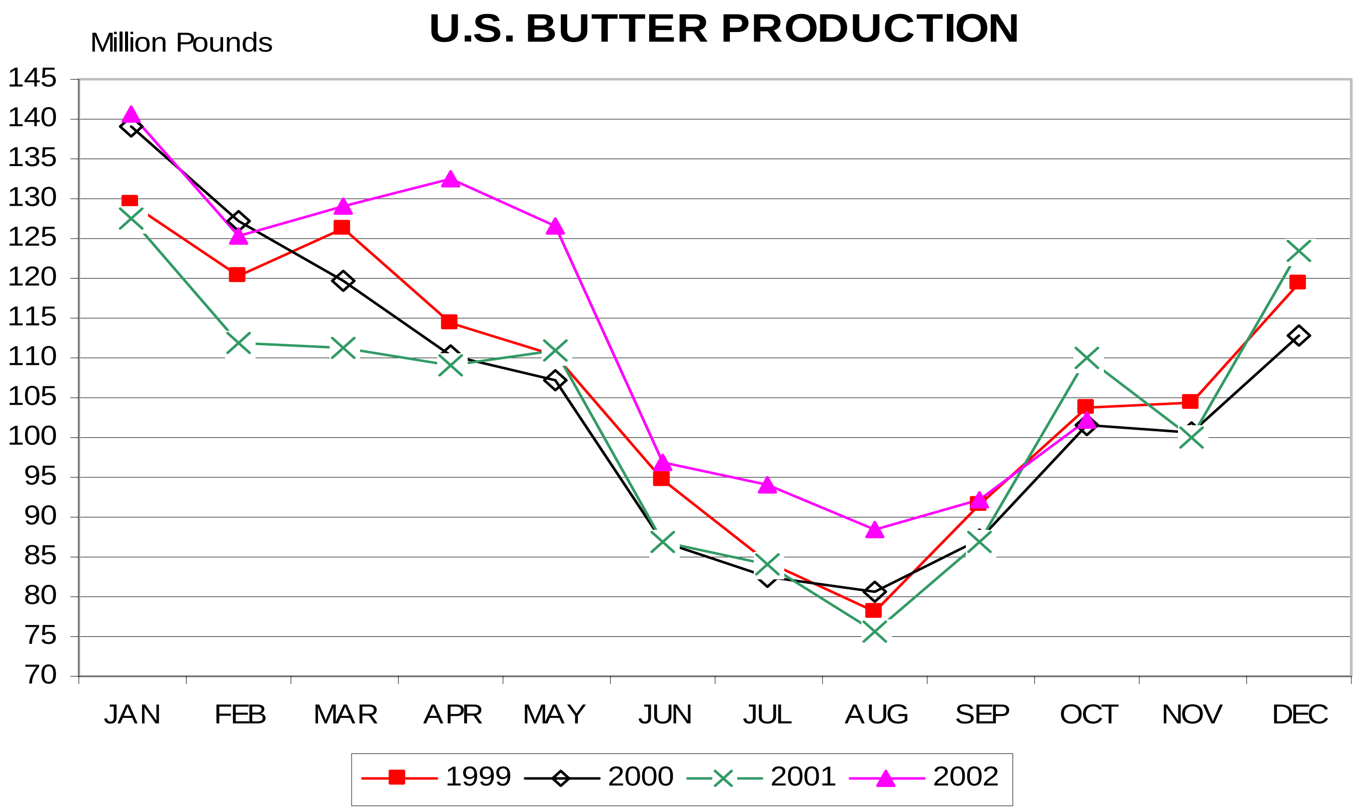
FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, NOVEMBER

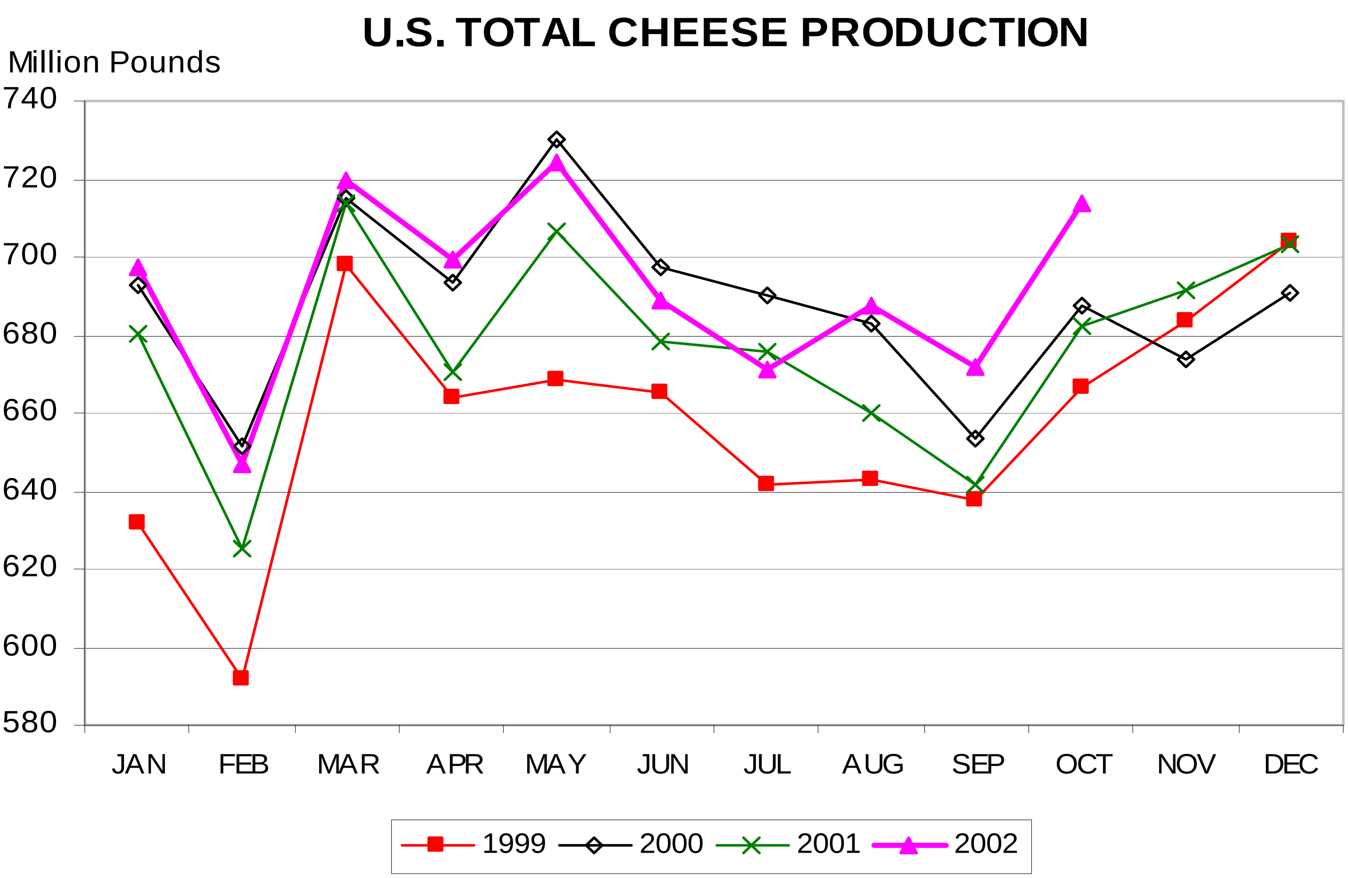
Component Price Information: Under the Federal milk order pricing system, the butterfat price for November 2002 is $1.0923 per pound. Thus, the Class II butterfat price is $1.0993. The protein and other solids prices for November are $1.8469 and $0.0850 per pound, respectively. These component prices set the Class III skim milk price at $6.23 per cwt. The November Class IV skim milk price is $7.00 which is derived from the nonfat solids price of $0.7777 per pound. **Product Price Averages:** The product price averages for November are; butter $1.0107, nonfat dry milk $0.9177, cheese $1.1111, and dry whey $0.2223.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT 1/ 2/

FEDERAL MILK ORDER MARKETING AREAS 3/	ORDER NUMBER	NOVEMBER 2002				DECEMBER 2002
		CLASS I	CLASS II	CLASS III	CLASS IV	CLASS I
		DOLLARS PER 100 POUNDS				
Northeast (Boston) 4/	001	13.85	11.26	9.84	10.58	13.77
Appalachian (Charlotte) 5/	005	13.70	11.26	9.84	10.58	13.62
Southeast (Atlanta) 6/	007	13.70	11.26	9.84	10.58	13.62
Florida (Tampa) 7/	006	14.60	11.26	9.84	10.58	14.52
Mideast (Cleveland) 8/	033	12.60	11.26	9.84	10.58	12.52
Upper Midwest (Chicago) 9/	030	12.40	11.26	9.84	10.58	12.32
Central (Kansas City) 10/	032	12.60	11.26	9.84	10.58	12.52
Southwest (Dallas) 11/	126	13.60	11.26	9.84	10.58	13.52
Arizona-Las Vegas (Phoenix) 12/	131	12.95	11.26	9.84	10.58	12.87
Western (Salt Lake City) 13/	135	12.50	11.26	9.84	10.58	12.42
Pacific Northwest (Seattle) 14/	124	12.50	11.26	9.84	10.58	12.42
All-Market Average	---	13.18	11.26	9.84	10.58	13.10

1/ To convert the Class I price per 100 pounds to the Class I price per gallon, divide 11.63--the approximate number of gallons in 100 pounds of milk.
2/ Note: The mandatory $0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table.
3/ Names in parentheses are the major city in the principal pricing point of the market.
4/ Class I prices at other cities are: New York City, minus $0.10; Philadelphia, minus $0.20; Baltimore, minus $0.25; and Washington, DC, minus $0.25.
5/ Class I prices at other cities are: Knoxville, minus $0.30 and Louisville, minus $0.90.
6/ Class I prices at other cities are: New Orleans; plus $0.50; Memphis, minus $0.30; Nashville, minus $0.50; and Springfield, Mo., minus $0.90.
7/ Class I prices at other cities are: Orlando, same; Miami, plus $0.30; and Jacksonville, minus $0.30.
8/ Class I prices at other cities are: Indianapolis, same; Cincinnati, plus $0.20; Pittsburgh, plus $0.10; and Detroit, minus $0.20.
9/ Class I prices at other cities are: Milwaukee, minus $0.05; and Minneapolis, minus $0.10.
10/ Class I prices at other cities are: Des Moines, minus $0.20; Omaha, minus $0.15; Oklahoma City, plus $0.60; St. Louis, same; and Denver, plus $0.55.
11/ Class I prices at other cities are: Houston, plus $0.60; San Antonio, plus $0.45; Albuquerque, minus $0.65; and El Paso, minus $0.75.
12/ Class I price at Las Vegas is minus $0.35.
13/ Class I price at Boise is minus $0.30.
14/ Class I prices at other cities are: Portland, same; and Spokane, same.





GRAPHS BY DAIRY MARKET NEWS, DATA FROM NASS

DECEMBER MILK SUPPLY AND DEMAND ESTIMATES*

Milk production forecasts for 2002/2003 are lowered from last month. Weaker milk prices are expected to lessen incentives to raise output per cow. Prices are expected to be weaker than forecast last month as a result of the November 15 USDA announcement that adjusted purchase prices for butter and nonfat dry milk, and continued sluggish product use. Although higher purchase prices are expected to support butter prices, the reduction in nonfat dry milk prices will lead to lower Class IV prices. Cheese prices also are projected weaker during 2002/03 as more milk moves into cheese production. CCC removals of cheese and butter are forecast higher than last month and nonfat dry milk removals are forecast lower. The 2002/03 all milk price is expected to average $11.30-$11.90 per cwt.

Item	2000/01 1/	2001/02 Projection 1/		2002/03 Projection 1/	
		November	December	November	December
SUPPLY	**BILLION POUNDS**				
BEGINNING COMMERCIAL STOCKS 2/	8.9	8.8	8.8	11.4	11.3
PRODUCTION	165.2	169.0	168.9	171.5	171.3
FARM USE	1.3	1.2	1.2	1.2	1.2
MARKETINGS	163.9	167.8	167.7	170.3	170.2
IMPORTS 2/	5.4	5.2	5.2	4.8	4.8
TOTAL COMMERCIAL SUPPLY 2/	178.2	181.7	181.6	186.5	186.3
USE					
COMMERCIAL USE 2/ 3/	169.1	170.1	170.1	176.2	175.2
ENDING COMMERCIAL STOCKS 2/	8.8	11.4	11.3	9.8	9.8
CCC NET REMOVALS:					
MILKFAT BASIS 4/	0.3	0.3	0.3	0.5	1.3
SKIM SOLIDS BASIS 4/	6.3	9.6	9.6	8.1	7.5
	DOLLARS PER CWT.				
MILK PRICES 5/					
CLASS III 6/	12.29	11.03	11.03	10.10-10.80	9.85-10.45
CLASS IV 7/	13.88	11.22	11.22	10.45-11.35	10.00-10.80
ALL MILK 8/	14.51	12.76	12.76	11.65-12.35	11.30-11.90
	MILLION POUNDS				
CCC PRODUCT NET REMOVALS 4/					
BUTTER	0	0	0	15	45
CHEESE	17	9	9	6	15
NONFAT DRY MILK	525	817	817	690	635
DRY WHOLE MILK	3	0	0	0	0

	QUARTERLY 9/			ANNUAL 9/	
	2002 IV	2003 I	2003 II	2002	2003
	BILLION POUNDS				
MILK PRODUCTION	41.7	43.1	44.4	169.8	171.9
	DOLLARS PER CWT.				
ALL MILK PRICE 5/ 8/	11.75-11.95	11.35-11.85	10.85-11.65	12.05-12.15	11.45-12.25
CLASS III PRICE 5/ 6/	10.05-10.25	9.80-10.30	9.75-10.55	10.40-10.50	10.00-10.80
CLASS IV PRICE 5/ 7/	10.40-10.70	9.65-10.25	9.75-10.75	10.70-10.90	10.05-11.05

NOTE: Totals may not add due to rounding. 1/ Marketing year beginning October 1. 2/ Milk equivalent, milkfat basis. 3/ Includes commercial exports. 4/ Includes products exported under Dairy Export Incentive Program. 5/ Projections indicate a range of the average for the quarter or year. 6/ Federal milk order Class III price. 7/ Federal milk order Class IV price. 8/ Milk of average fat test. Does not reflect any deductions from producers as authorized by legislation. 9/ Calendar year basis projection.

* The World Agricultural Supply and Demand Estimates were approved by the Interagency Commodity Estimates Committee. The members for Dairy are: Shayle Shagam, Chairperson, WAOB; John Mengel, AMS; Authur Coffing, FAS; James Miller, ERS; and Daniel Colacicco, FSA.

SOURCE: "World Agricultural Supply and Demand Estimates," WASDE-393, World Agricultural Outlook Board, USDA, December 10, 2002.

MAILBOX MILK PRICES FOR SELECTED REPORTING AREAS IN FEDERAL MILK ORDERS AND CALIFORNIA, SEPTEMBER 2002

In September 2002, mailbox milk prices for selected reporting areas in Federal milk orders averaged $11.40 per cwt., $0.22 more than the figure for the previous month. On an individual reporting area basis, mailbox prices increased in 13 reporting areas and decreased in 4 areas, and ranged from $15.36 in Florida to $10.16 in Utah. In September 2001, the Federal milk order all-area average mailbox price was $16.82, $5.42 higher.

Reporting Area	Mailbox Milk Price 2/		
	July 2002	August 2002	September 2002
	Dollars per hundredweight		
Northeast Federal Milk Order	11.14	11.25	11.29
Appalachian States 3/	12.18	12.29	12.21
Southeast States 4/	12.98	13.17	13.10
Florida	15.28	15.58	15.36
Ohio	10.63	11.06	11.19
Michigan	10.48	10.87	11.03
Wisconsin	10.61	10.98	11.46
Minnesota	10.49	10.90	11.48
Illinois	10.83	10.83	11.29
Northern Missouri 5/	11.42	11.64	12.03
Southern Missouri 6/	11.61	11.73	11.55
Corn Belt States 7/	10.45	10.82	11.19
Western Texas 8/	11.11	11.38	11.75
New Mexico	10.21	10.44	10.86
Idaho	9.87	10.24	10.52
Utah	9.48	9.85	10.16
Northwest States 9/	10.78	10.87	11.07
All Federal Order Areas 10/	10.95	11.18	11.40
California 11/	10.11	10.35	NA

NA= Not available.

1/ Information is shown for those areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. The price shown is the weighted average of the prices reported for all orders that received milk from the area. 2/ Net pay price received by dairy farmers for milk. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is a weighted average for the reporting area and is reported at the average butterfat test. Mailbox price does not include any Milk Income Loss Contract (MILC) payments. 3/ Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia. 4/ Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi. 5/ All counties to the north of Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry. 6/ The counties listed in 5/ and all those to the south of these. 7/ Includes Iowa, Kansas, and Nebraska. 8/ All counties to the west of Fanin, Hunt, Van Zandt, Henderson, Anderson, Houston, Cherokee, Nacogdoches, and Shelby. 9/ Includes Oregon and Washington. 10/ Weighted average of the information for all selected reporting areas in Federal milk orders. 11/ Calculated by California Department of Food and Agriculture, and published in “California Dairy Information Bulletin.”

OCTOBER FLUID MILK SALES

During October, about 4.8 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 0.1 percent lower than October 2001. After adjusting for calendar composition, sales in October 2002 were 0.6 percent higher than October 2001. On an individual product basis, after adjusting for calendar composition, sales of reduced fat (2%) milk and low fat (1%) milk would have likely increased from October 2001, while sales of whole milk, fat-free (skim) milk, and buttermilk would have likely decreased from a year earlier.

Editor's Note: Some of the data also can be found at **www.ams.usda.gov/dyfmos/mib/in-areasales.htm**

ESTIMATED TOTAL U.S. SALES OF FLUID MILK PRODUCTS, OCTOBER 2002, WITH COMPARISONS 1/

Product Name	Sales		Change from: 2/	
	October	Year to Date	Previous Year	Year to Date
	Mil. Lbs.		Percent	
Whole Milk 3/	1,679	16,176	-0.8	-0.1
Reduced Fat Milk (2%)	1,521	14,581	0.2	0.2
Low Fat Milk (1%) 4/	871	7,621	2.4	2.3
Fat-Free Milk (Skim)	714	6,911	-1.4	-0.5
Buttermilk	50	483	-2.9	-3.4
Total Fluid Milk Products 5/	4,849	45,834	-0.1	0.2
Total Fluid Milk Products Adjusted 5/ 6/	4,836	45,823	0.6	0.3

1/ These figures are based on the consumption of fluid milk products in Federal milk order marketing areas and California, which represents approximately 93 percent of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 7 percent of sales from the Federal milk order and California data. The procedure used for estimating U.S. fluid milk sales by the Agricultural Marketing Service is different from that used by the Economic Research Service (ERS) of USDA. Consequently, the year-to-date figures here may differ from the annual figures published by ERS. 2/ Previously, this data series showed all percent changes adjusted for calendar composition. Percent changes, as well as sales volumes, unless otherwise noted, are not shown on a calendar composition basis. See 6/. 3/ Includes flavored whole milk. 4/ Includes flavored fat-reduced milk. 5/ Total fluid milk products include the products listed plus miscellaneous products and eggnog. 6/ Sales volumes and percent changes have been adjusted for calendar composition.

PACKAGED SALES OF TOTAL FLUID MILK PRODUCTS IN FEDERAL MILK ORDERS AND CALIFORNIA, OCTOBER 2002, WITH COMPARISONS 1/

Area (Order Number) 2/	Sales		Change from: 3/	
	October	Year to Date	Previous Year	Year to Date
	Mil. Lbs.		Percent	
Northeast (001)	845	8,059	-1.6	-0.3
Appalachian (005)	299	2,860	-0.9	-0.8
Southeast (007)	431	4,068	-0.2	-0.9
Florida (006)	244	2,379	0.6	1.6
Mideast (033)	567	5,305	0.9	0.5
Upper Midwest (030)	390	3,635	0.4	0.4
Central (032)	406	3,842	-1.0	-0.1
Southwest (126)	373	3,484	-2.6	0.5
Arizona-Las Vegas (131)	110	1,053	0.4	2.6
Western (135)	80	745	0.1	0.8
Pacific Northwest (124)	195	1,802	1.2	-0.5
California (---)	571	5,392	3.1	1.3

1/ These figures are representative of the consumption of total fluid milk products. 2/ Individual area data are for total fluid milk products. See 5/ above. 3/ Percent changes, as well as sales volumes, **are no longer** shown on a calendar composition basis.

SOURCE: Monthly reports filed by milk processors subject to the provisions of the applicable Federal milk order, AMS, USDA, and *California Dairy Information Bulletin*, California Agricultural Statistics Service and Milk Stabilization Branch.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF DECEMBER 9 – 13, 2002			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/02	SAME PERIOD LAST YEAR	WEEK ENDING 12/06/02	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Unsalted	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	180,324	-0-	180,324	343,714	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	158,400	-0-	158,400	1,900,800	-0-	-0-	-0-
TOTAL	338,724	-0-	338,724	2,244,514	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfort	7,186,560	-0-	7,186,560	83,906,487	51,769,022	NOT	637,255,000
Fortified	-0-	-0-	-0-	-0-	-0-	AVAILABLE	38,227,000
TOTAL	7,186,560	-0-	7,186,560	83,906,487	51,769,022		675,482,000

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF DECEMBER 9 - 13, 2002 =	4.7	87.0	COMPARABLE PERIOD IN 2001 =	0.4	22.3
CUMULATIVE SINCE OCTOBER 1, 2002 =	39.2	998.9	CUMULATIVE SAME PERIOD LAST YEAR =	11.4	602.6
CUMULATIVE JANUARY 1 – DECEMBER 13, 2002 =	233.8	7,778.6	COMPARABLE CALENDAR YEAR 2001 =	84.8	3,872.8

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22
**Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF DECEMBER 9 - 13, 2002 (POUNDS)

	BUTTER			CHEESE			NONFAT DRY MILK	
REGION	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MIDWEST	-0-	-0-	-0-	-0-	-0-	158,400	241,726	-0-
WEST	-0-	-0-	-0-	180,324	-0-	-0-	6,944,834	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/01 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
REGION	2002/03	2001/02	2002/03	2001/02	2002/03	2001/02	2002/03	2001/02
MIDWEST	-0-	-0-	1,900,800	-0-	640,384	-0-	45.1	-0-
WEST	-0-	-0-	343,714	-0-	83,266,103	51,769,022	54.9	100.0
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	2,244,514	-0-	83,906,487	51,769,022	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002

MANUFACTURING MILK Average Test 3.67% - $9.90 per cwt.

BUTTER Bulk $1.0500 per pound; 1# Prints $1.0850
CHEESE 40 & 60# Blocks $1.1314 per pound; 500# Barrels $1.1014; Process American 5# $1.1889; Process Am. 2# $1.2289
NONFAT DRY MILK Nonfortified $.8000 per pound; Fortified $.8100; Instant $0.9625

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 11/23/02 & Comparable Week 2001

											U.S. TOTAL		% DAIRY OF ALL	
Regions* (000 HEAD)	1	2	3	4	5	6	7	8	9	10	WEEK	SINCE JAN 1	WEEK	SINCE JAN 1
2002-Dairy	0.2	0.7	7.4	5.0	21.1	2.6	0.4	0.7	14.8	2.4	55.5	2,332.8	44.4	46.0
2001-Dairy	0.1	0.6	4.8	4.0	17.9	2.0	0.5	0.6	9.8	1.6	42.0	2,319.1	43.3	45.5
2002-All cows	0.2	0.9	10.3	13.2	32.9	18.6	17.3	4.2	18.5	8.9	124.9	5,076.8		
2001-All cows	0.2	0.7	6.6	11.2	27.0	13.7	15.3	4.8	12.7	4.9	96.9	5,098.8		

SOURCE The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III (2000-2001) AND BFP (1999) MILK PRICES,(3.5% BF, $/CWT. FOR COMPARISON PURPOSES ONLY)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1999	16.27	10.27	11.62	11.81	11.26	11.42	13.59	15.79	16.26	11.49	9.79	9.63
2000	10.05	9.54	9.54	9.41	9.37	9.46	10.66	10.13	10.76	10.02	8.57	9.37
2001	9.99	10.27	11.42	12.06	13.83	15.02	15.46	15.55	15.90	14.60	11.31	11.80

FEDERAL MILK ORDER CLASS PRICES FOR 2002 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	11.96	11.95	11.62	11.47	11.26	11.03	10.62	10.48	10.46	10.15	10.60	10.52
II	12.69	12.28	12.19	11.88	11.29	11.19	11.14	11.07	10.91	11.12	11.26	
III	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72	9.84	
IV	11.93	11.54	11.42	11.09	10.57	10.52	10.45	10.41	10.22	10.50	10.58	

1/ Specific order differentials to be added to this base price are located at www.ams.usda.gov/dyfmos/mib/cls_prod_cmp_pr.htm